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MEXICO MARKET OVERVIEW

General Facts



Official Name:

Estados Unidos Mexicanos

Territory: 2,717,252 km²

Population: 128.6 million

Capital City: Mexico City

GDP: \$2,4 USD Trillion

Exports: \$409.8 USD Billion

Official Language:

Spanish



Working conditions:

5 day work week

8 hours a day



Mexico General Demographics



Average age 29.2
65.5% | 48.6% Male
51.4% Female



Unemployment
3.4 %



Inflation rate
2017 – 6%
2019 – 6%



Labor Force
57.14 Millions.

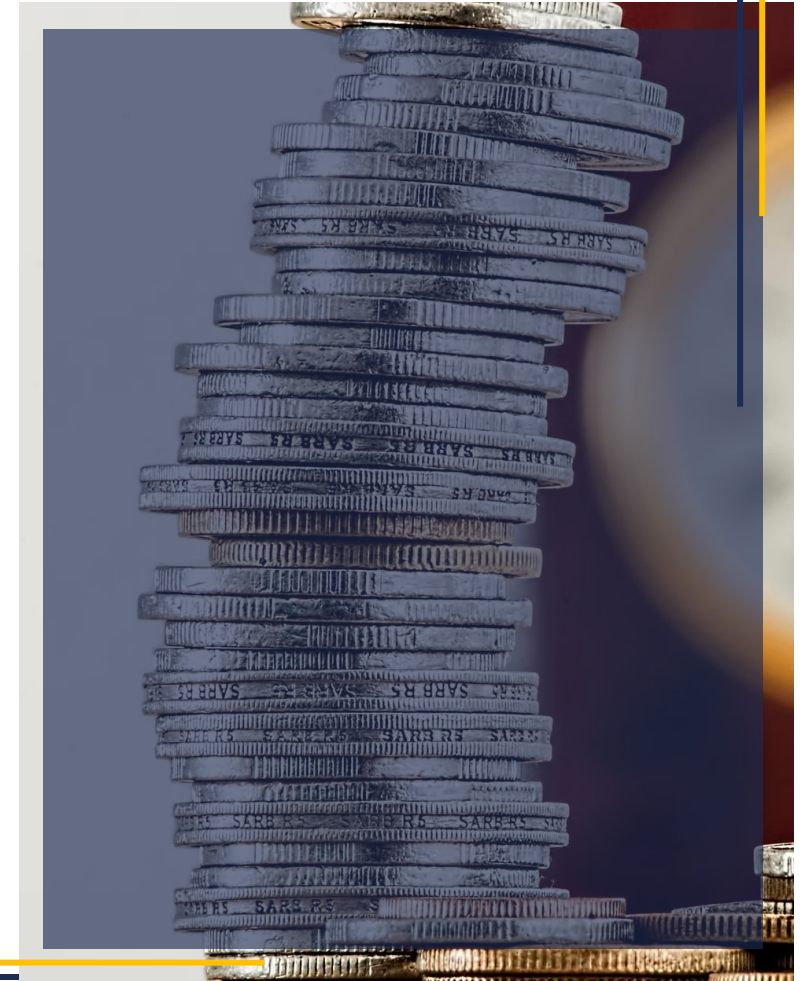


Currency exchange
MXN vs USD in a volatile condition.
Nevertheless, the average is around
\$18.26 MXN/ 1 USD.



Poverty Rate: 41.9%
Unable to afford food, healthcare,
education, clothing, housing and
transportation.

- Mexico is among the world's 15 largest economies; 2nd in Latin America.
- It is the US largest trading partner and destination of 80% of its exports.
- In 2019 the economy recorded an estimated growth rate of -0.1%, compared to 2.1% the previous year, due to a climate of uncertainty following President López Obrador's first year in office, as well as reduced domestic demand and investment.
- According to the updated IMF forecasts from 14th April 2020, due to the outbreak of the COVID-19, GDP growth is expected to fall to -6.6% in 2020 and pick up to 3% in 2021, subject to the post-pandemic global economic recovery.
- After the recent entry to force of the USCMA, on July 1st 2020, there is a great deal of expectations about the improvement of the economic conditions caused by COVID 19 in Mexico.



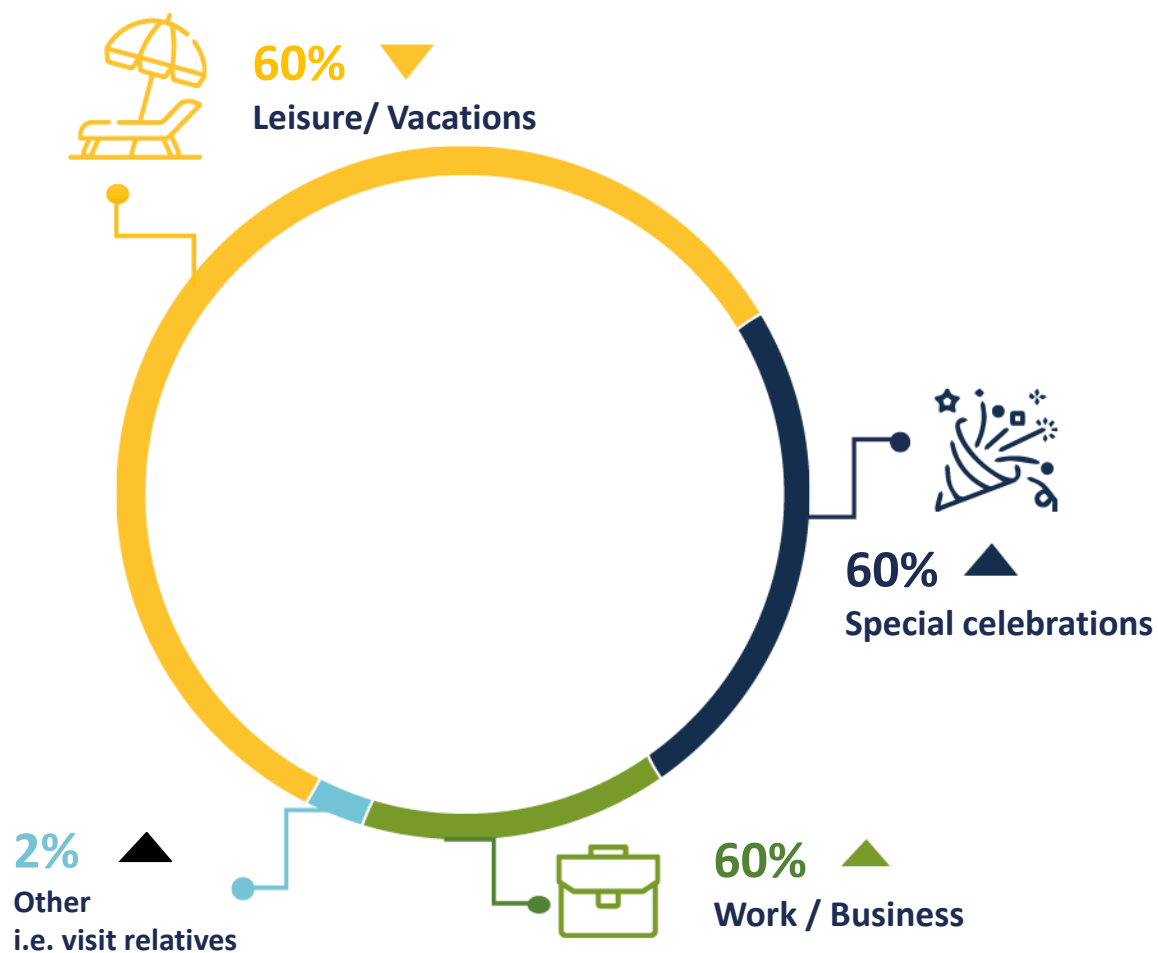
Exchange Rate

9 Jul 2019 00:00 UTC – 8 Jul 2020 17:56 UTC **USD/MXN** close: **22.77075** low: **18.54242** high: **25.34816**



AVERAGE EXCHANGE RATE: 18.26

Mexican general outbound traveler



REASONS TO BUY TRAVEL PACKAGES ONLINE

- 65% Variety in products and services with promotions and discounts.
- 59% Has more promotions and discounts than physical Agencies.

MOST PURCHASED TRAVEL PRODUCTS ONLINE

- 65% Air Tickets
- 51% Lodging reservation
- 27% Bus/Train Tickets

MOST USED CHANNELS FOR ONLINE TRAVEL PURCHASE

- 60% Airline Website
- 41% OTA
- 21% Hotel Website

ONLINE PAYMENT METHODS

- 57% Credit Card
- 34% Debit Card
- 10% Cash on comercial chains
- 9% Deposit/ Check/ Bank Transfer

Outbound Statistics Worldwide

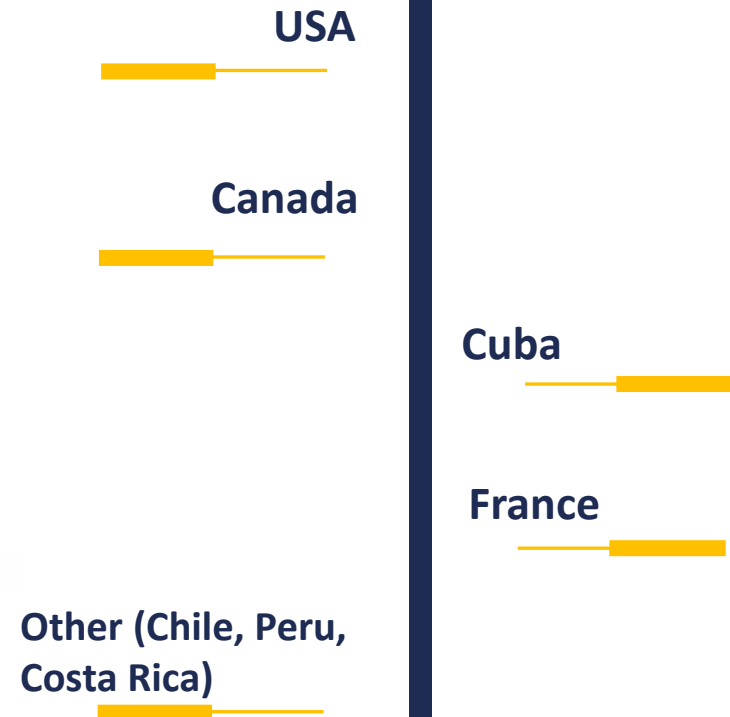
Top 10 Destinations for Mexicans are: USA, Canada, Cuba, France and “other” (Chile, Peru, Costa Rica), followed by Japan, Italy, Spain, UK and Colombia.

In 2018, Mexicans spent an average of \$3,147 USD on their last trip, which is expected to grow up to \$3,568 USD on the next one.

The average length of a trip is 7.6 days. Mainly in family (59%), solo (35%) and with friends (7%).



International Destinations for Mexican Travelers



Outbound Statistics Worldwide

Average number of trips taken per year:

5.6 (3.2 personal; 2.4 business)

Last vacation duration in days:

7.6

Preferred mode of transportation:

76% plane

18% car

10% bus

Preferred accommodation:

77% hotel

14% family/friends

5% resort

3% alternative accommodation

80% Mexicans consider **Budget is a primary factor** to choose where to stay, eat, fly or have fun

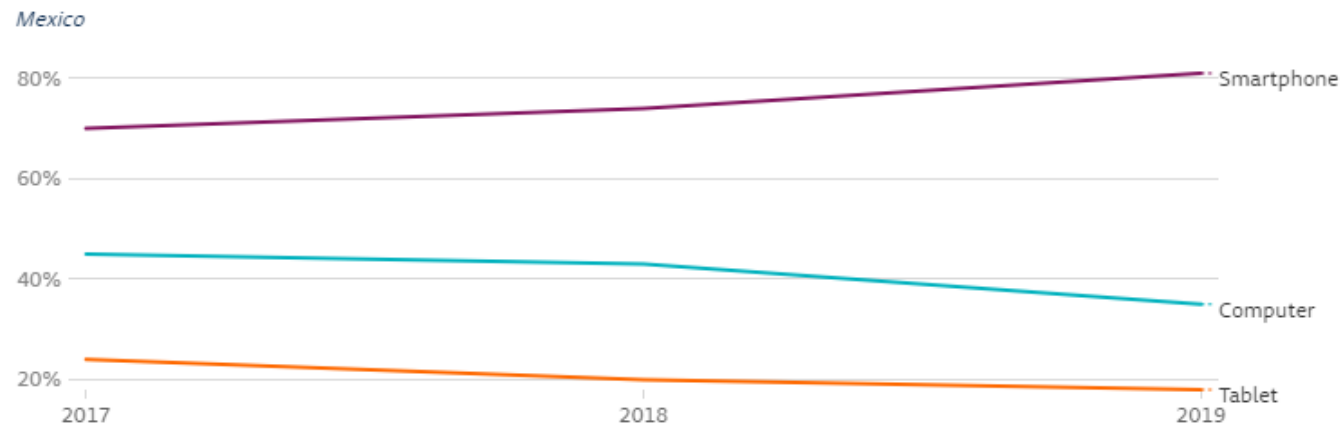


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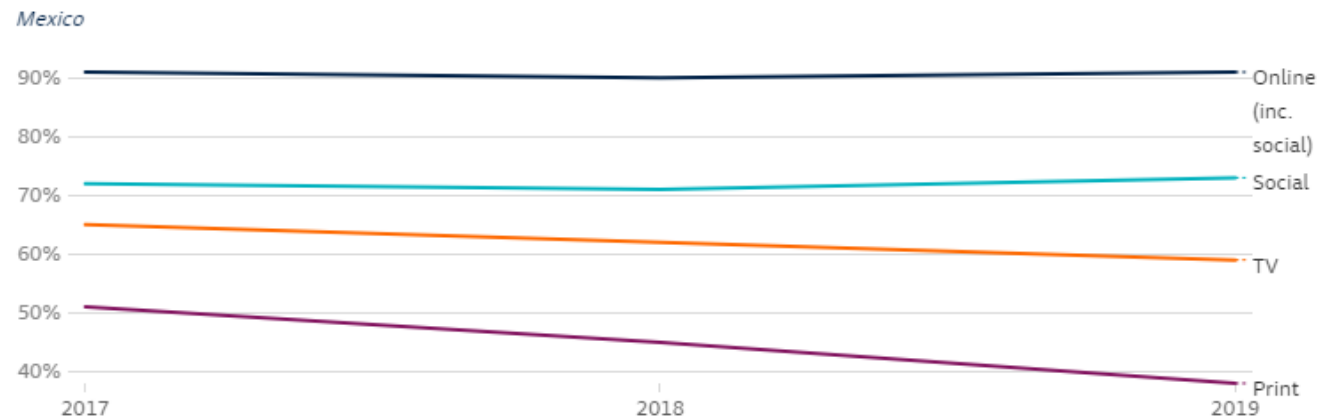
MEDIA RELATIONS &
TRAVEL INDUSTRY MARKETING
OVERVIEW

Media Consumption

DEVICES FOR NEWS: 2017-2019

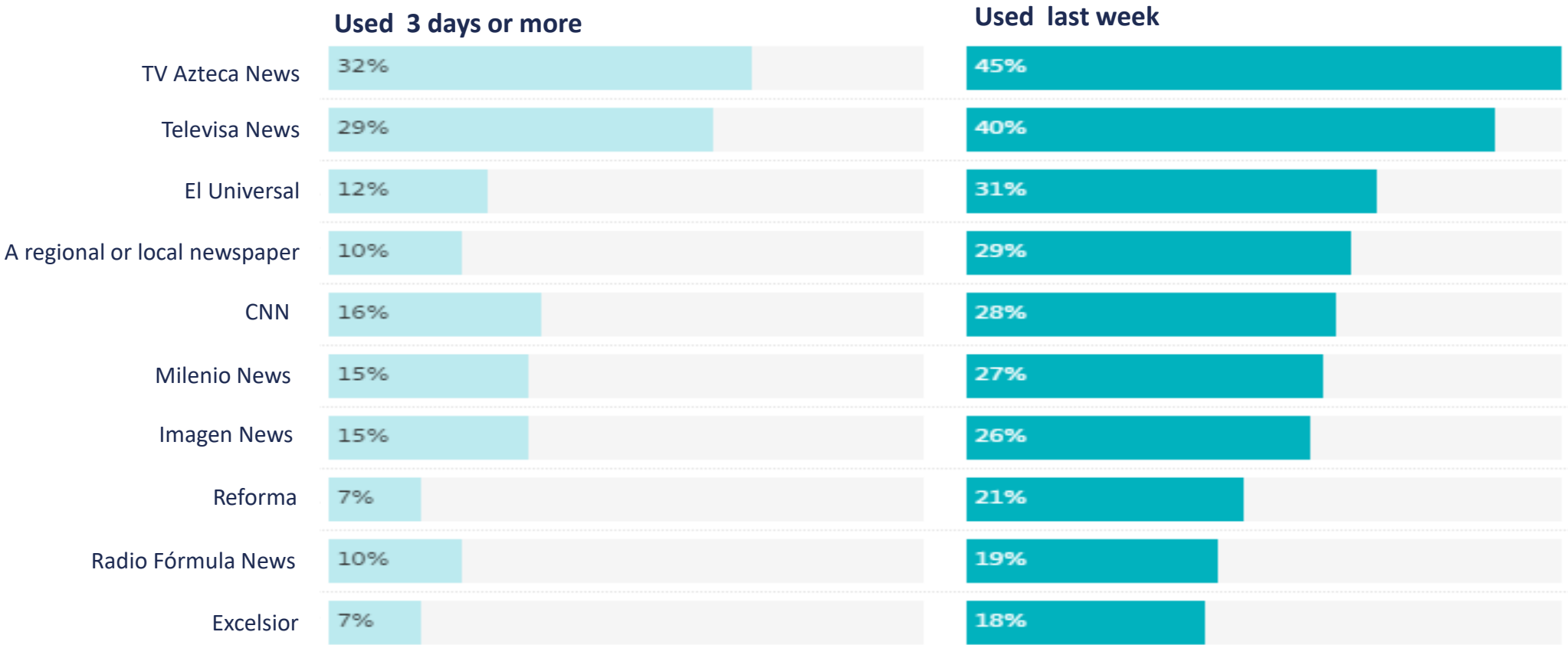


SOURCES OF NEWS: 2017-2019



Media Consumption

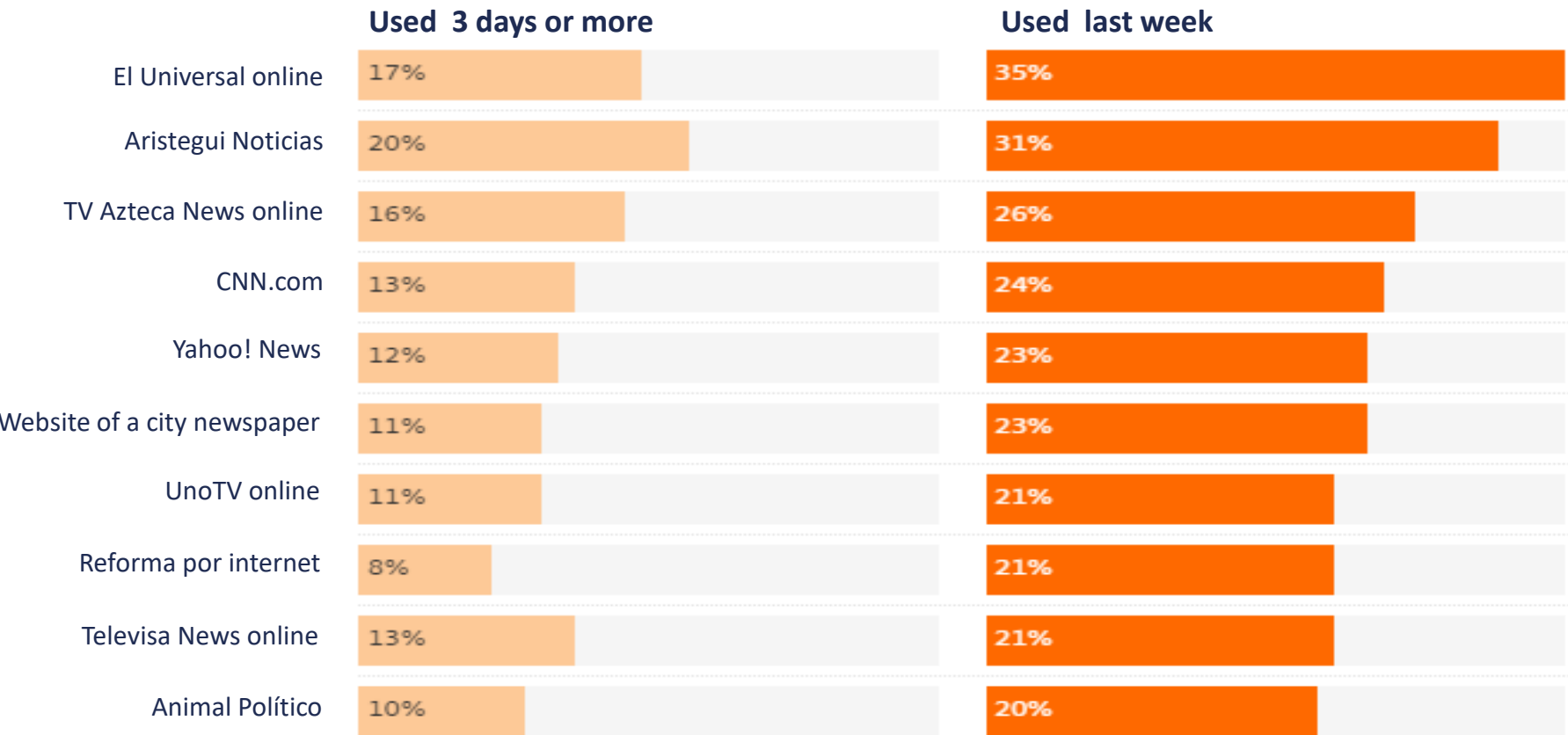
NEWS SOURCES MEXICO TV, RADIO & PRINT



Source: Digital News Report 2019, Reuters Institute

Media Consumption

NEWS SOURCES MEXICO ONLINE



Source: Digital News Report 2019, Reuters Institute

Tier 1 Media Outlets

PRINT

BLEU & BLANC
GRUPO IMAGEN/EXCÉLSIOR
CHIC PASSPORT/MILENIO
WATCH IT FIRST
FORBES
EDITORIAL TELEVISA/NAT GEO TRAVELER
GQ
GRUPO EXPANSIÓN/LIFE & STYLE
REFORMA
ROBB REPORT/TRAVEL&LEISURE
LUXURY TRAVEL
EL UNIVERSAL

ONLINE

VIVE USA
THE HAPPENING
CNN EXPANSIÓN
L'OFFICIEL
EL UNIVERSAL.COM
HOTBOOK
EL SOUVENIR
CUATROVIENTOS
MAGAZINE
VOGUE
ALANXELMUNDO

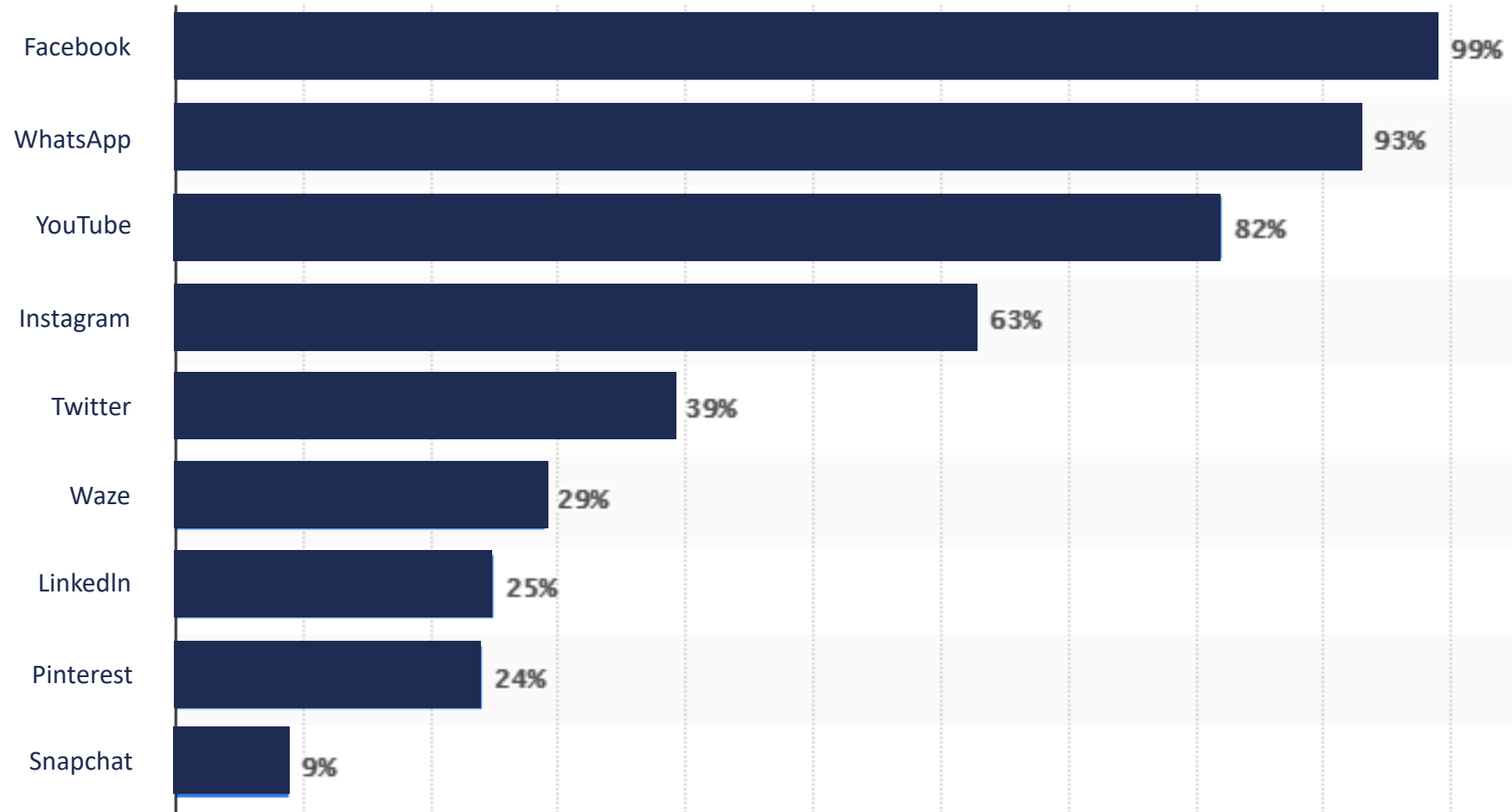
RADIO/TV

TELEVISA
TV AZTECA
RADIO FORMULA
GRUPO IMAGEN
TV EXCÉLSIOR
MILENIO TV
MEGA CANAL
VIAJEROS TV

TRADE

LADEVI
TURISTAMPA
INVERTOUR
PASILLO TURÍSTICO
CONXION
TURÍSTICA
ABZ TURÍSTICO
VIDALTURISMO
TURITIPS
TRAVEL REPORT

Reach of Social Networks



Media Consumption 2019

GENERAL INSIGHTS

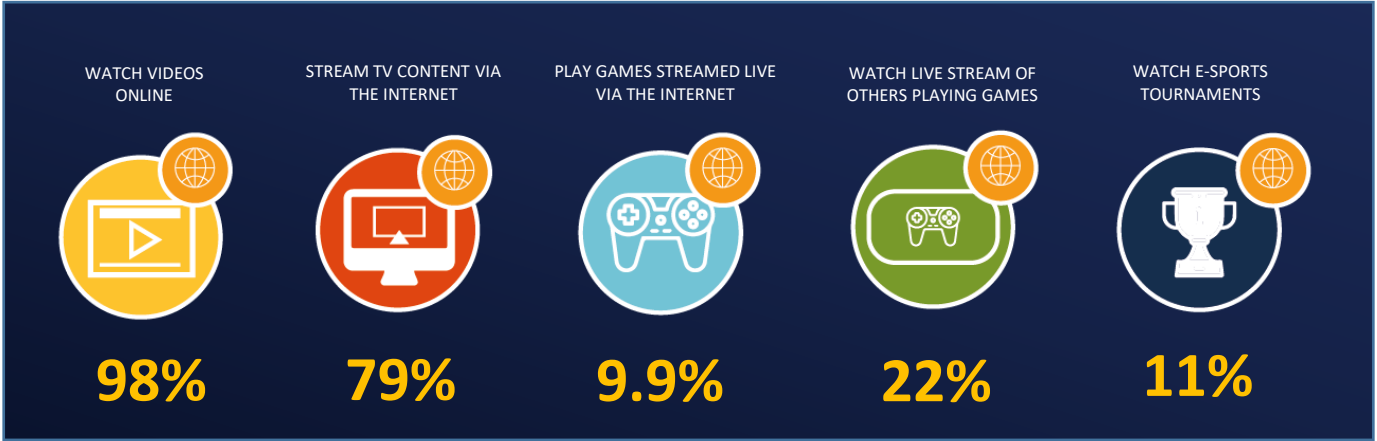
DEVICE USAGE



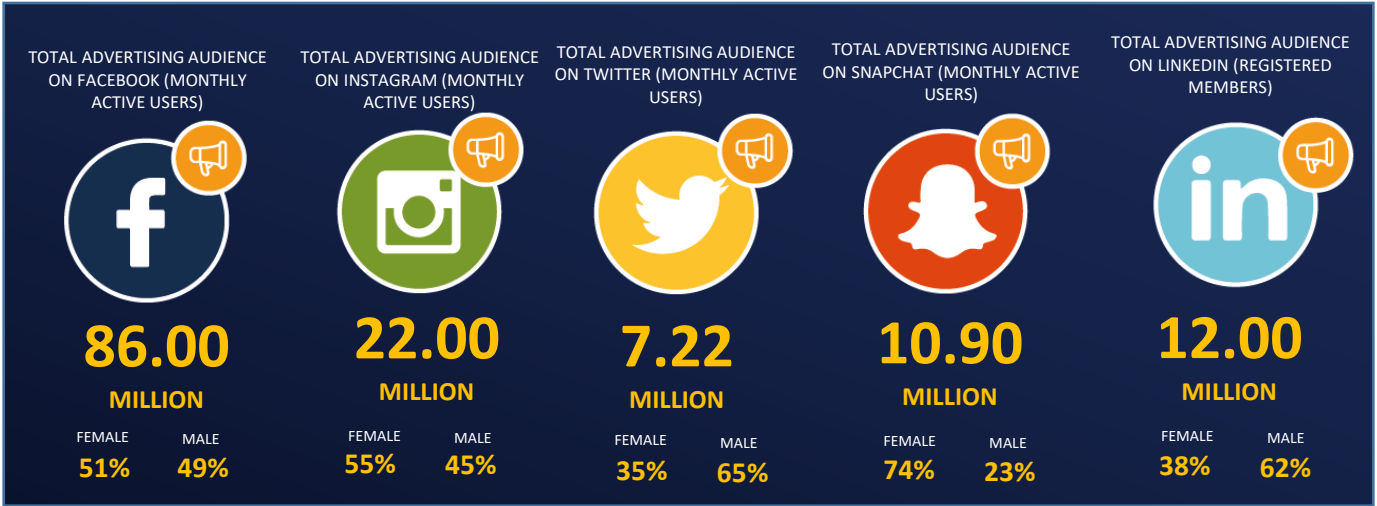
Source: Hootsuite, Report 2019

Media Consumption 2019

CONTENT STREAMING



SOCIAL MEDIA ADVERTISING



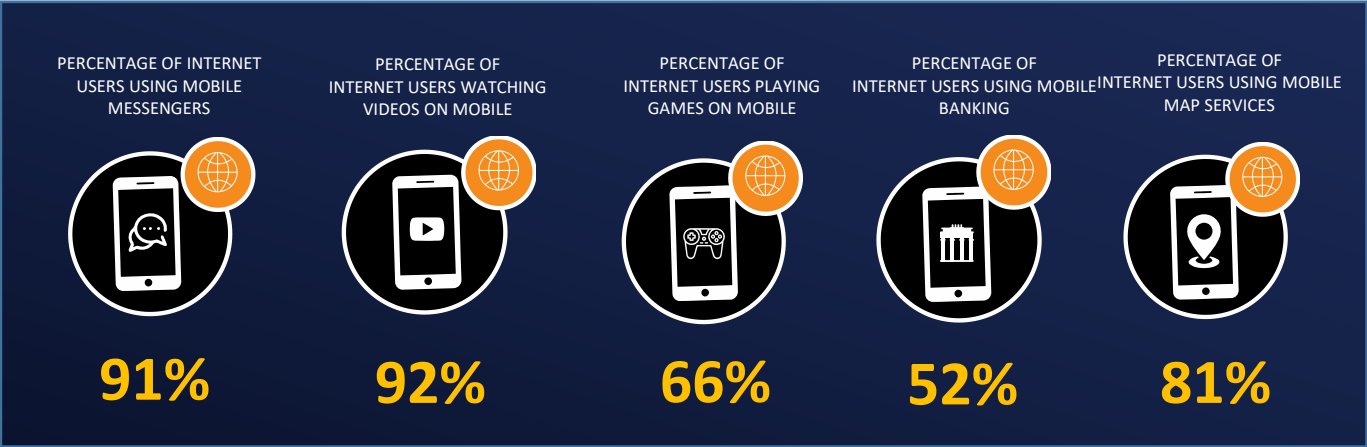
Source: Hootsuite, Report 2019

eCommerce 2019

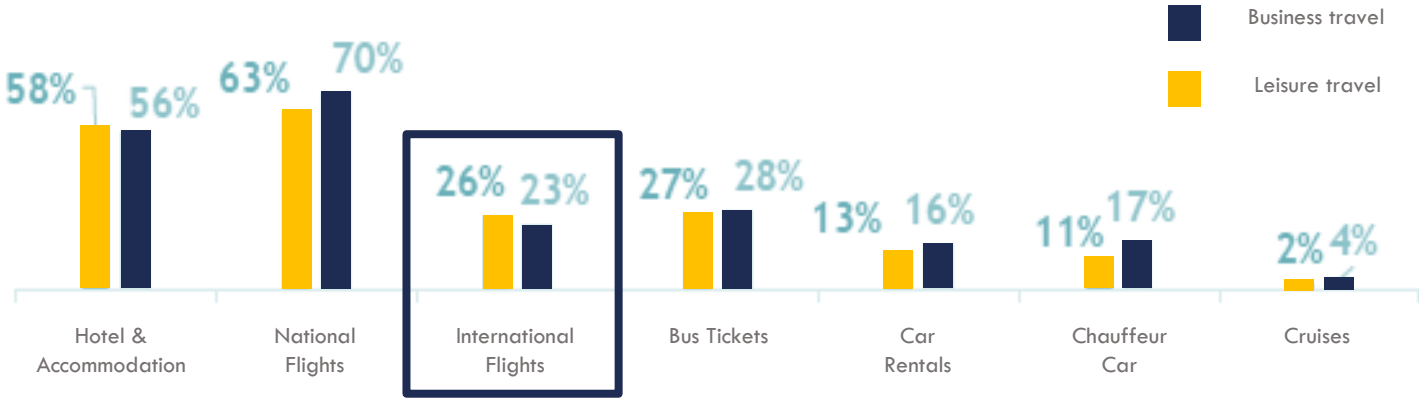


BY CATEGORY

Media Consumption 2019



MOBILE ACTIVITIES

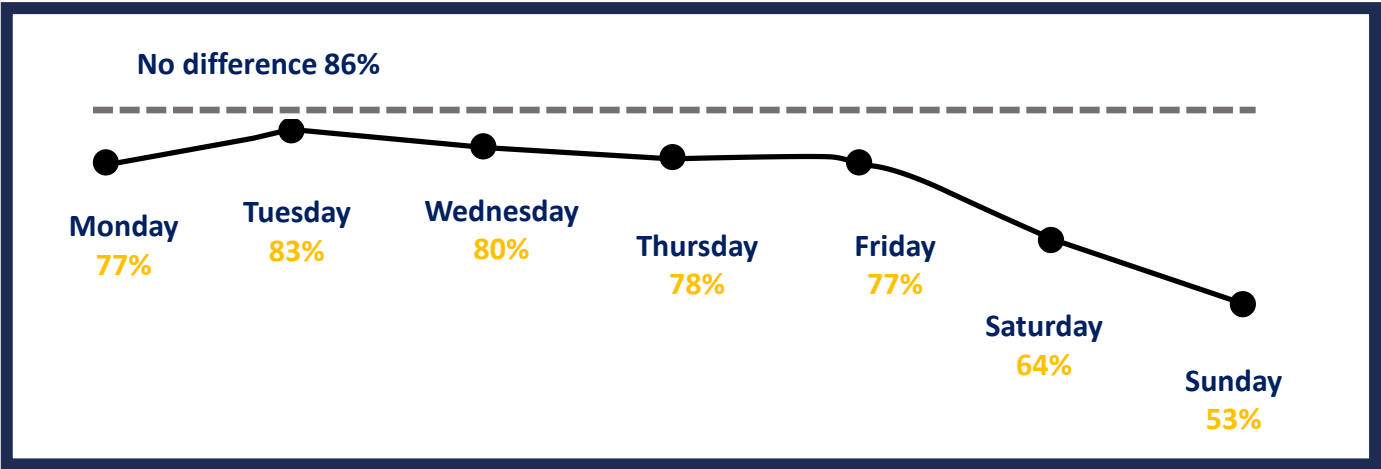


WHAT DO MEXICANS BUY ONLINE FOR TRAVEL?

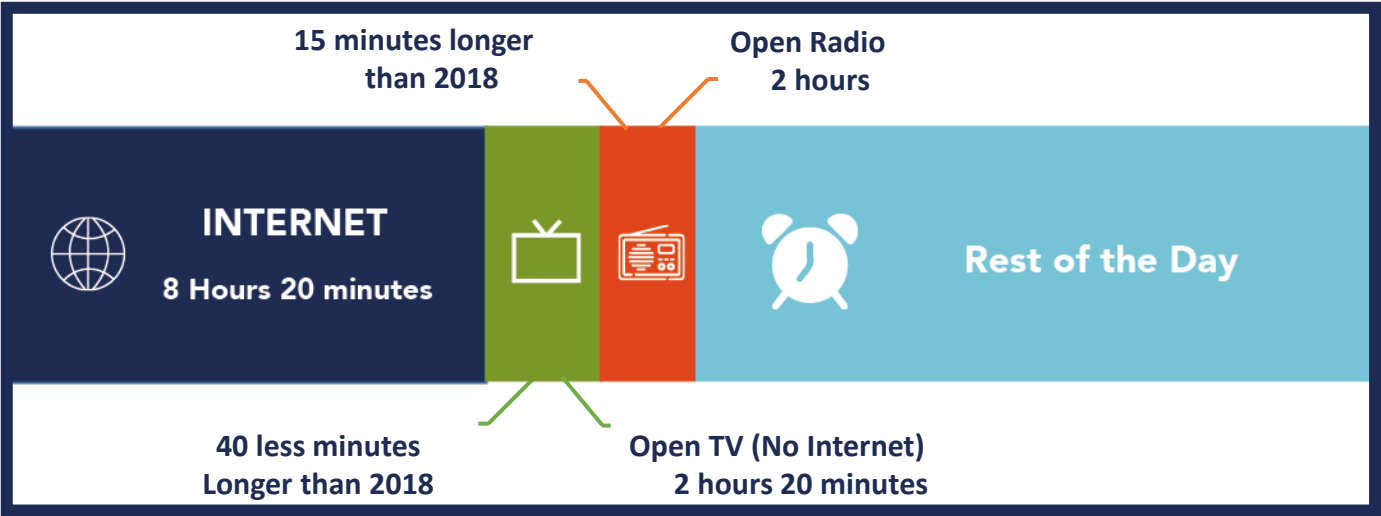
Source: Hootsuite, Report 2019/ Asociación Mexicana de Venta Online

Online habits

CONNECTED BY DAYS



TIME ONLINE



Source: Hootsuite, Report 2019/ Asociación Mexicana de Venta Online

Trade Insights

60 tour operators; **45** in Mexico City.

Main wholesalers: Travel Impressions, Megatravel, Ofertur and TravelShop.

Main OTAs: Best Day, Price Travel and Despegar.com

Wholesalers with owned agencies and **final Consumer exposition:** Viajes Palacio, Viajes El Corte Inglés, Mundo Joven, Viajes Sears.

21 tour operators included Arizona in their U.S. product.

Most of them offer a basic **hotel + flight** package.

The option for lodging go from **58 to 562 properties.**

There are **11 circuits** that include AZ with other US destinations.

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TRAVEL TRENDS

Travel Trends

- **Domestic and regional travel**

- Forced to stay within the borders of their own countries, travelers will start exploring their surrounding regions and cities. As soon as it's more or less safe to leave the house, people will want to make up for the downtime and look for domestic travel opportunities. For example, go on road trips, visit family, escape the town by travelling to the countryside, and so on.

- **Booking Windows**

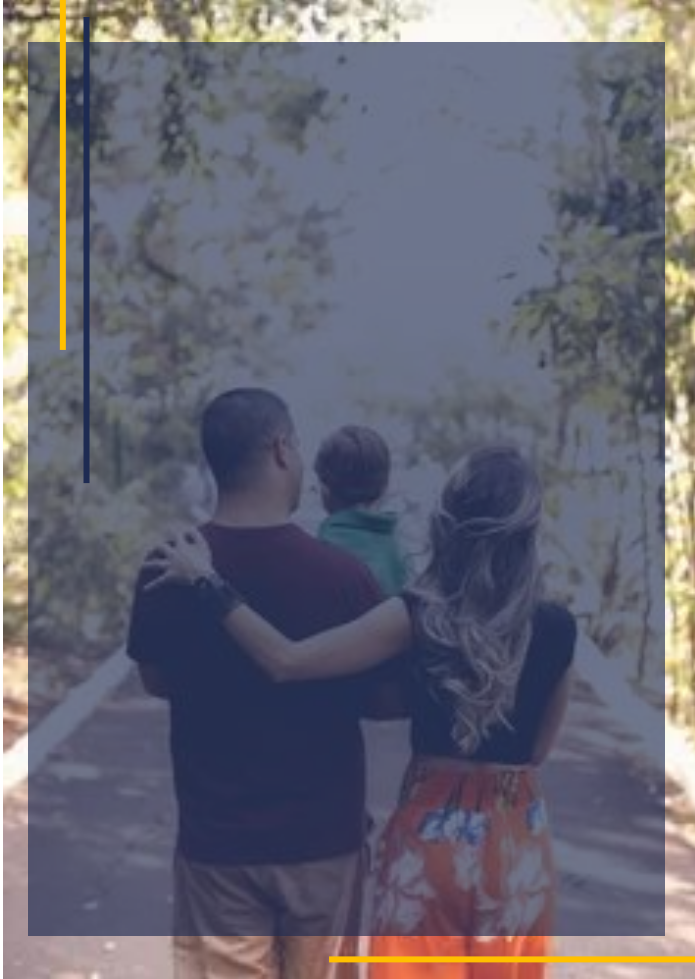
- In the face of uncertainty, it's difficult for tourists to plan their trips in the same way as before, which affects booking windows. To help customers make purchases with fewer risks, travel companies have changed the terms of return or exchange.

- **Travel Purpose**

- Family leisure still brings more flight bookings than solo tourists, couples, or business travelers. As for hotel stays, business travelers made more bookings than leisure tourists up until recently, but, as of May 4, 2020, the booking volume has been evenly distributed between all three.



Travel trends



- **Close to home trips and drive-to destinations.**
 - Travelers are looking for regional destinations, fewer days, shorter travel times.
- **Multi-generation trips.**
 - Many families haven't been able to meet up because of quarantine for a few months and travel agents are expecting multi-gen trips to rise significantly once travel is safe again.
- **Longer trips.**
 - More and more travelers now prefer to book up to nine-day stays instead of the average three-and-a-half to five-day rental periods from before the pandemic.
- **Vacations requiring advanced planning.**
 - Travel agents report a rise in vacations that require booking a year or more in advance. For example, African safaris, honeymoons, etc. People have been put on hold and want to have their dream vacation happen as soon as possible.
- **Trips to remote places.**
 - Tourists will also be likely to open up to more isolated and less populated destinations. Remote destinations should expect an increase in tourist inflow.

Travel trends

- **Experience design**

- The big trend towards experiential travel and the consumer focus shift towards powerful experiences rather than luxury hotels or services is ongoing, even more in the luxury travel sector. Visual content is more focused on experiences and people with videos playing a key role here.

- **Culinary Tourism**

- Continues to be a huge motivation for travelers when selecting destinations and sometimes even hotels. Two concepts are key in this sense: authenticity and interaction.

- **Human connections**

- Lack of time for the people that matter most to us is in our increasingly hectic lives is one. This is especially true among affluent travelers, often top executives or business owners.

- **Concept of “small”**

- Think of the saying “the devil is in the detail”. Detail. Personal. Intimate. Perfection. “Small” does not only relate to buildings like boutique hotels or restaurants, it also refers to seeing and taking care of all the yet so small and seemingly irrelevant elements of a trip or stay.

- **Carbon foot print / Responsible tourism**

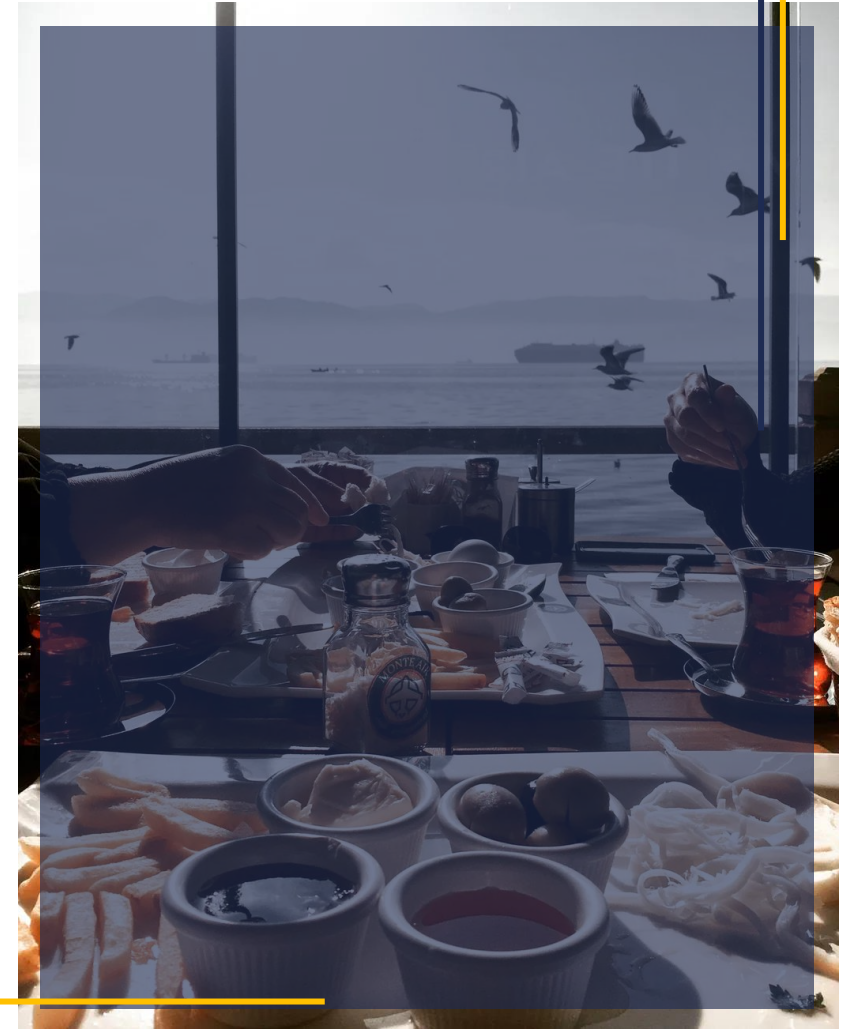
- Many travelers around the world take into consideration what kind of impact their travel experience will cause, this will consider traveling by more efficient ways or even shared rides or the use of public transportation like trains in Europe.



Mexico Travel Trends

Most likely, there has been significant change on how Mexican travelers will take it easier when it comes to travelling. The trends for “slow travel” are 21.9% of the travel intention for 2020. We also found that 21.5% are up for JOMO (Joy of Missing Out), travelers are looking to disconnect themselves from their mobiles and communication devices.

Food for Mexicans is still an important part of their travel experience, which is why 15.6% will travel for this reason. Following, sustainable travel appears to be 14.4% of the travel plans, somehow very close wellness travel and last, but not least, a 14.6% looking for micro vacations.



Mexico Travel Trends

- **Slow Travel**

- This means no rush at all while traveling, taking the time to enjoy as much as you can as long as you can, no matter if it is a 3 day or a week holiday, experiencing a destination not for the number of attractions you visited but for the quality time you spent even though you visited just a few attractions.

- **JOMO Travel**

- We were very familiar with FOMO, now the Joy of Missing Out' is the way to travel, staying away of social media, travel to second tier destinations and staying away of crowds and fashionable places is the new trend in traveling.

- **Luxury travel**

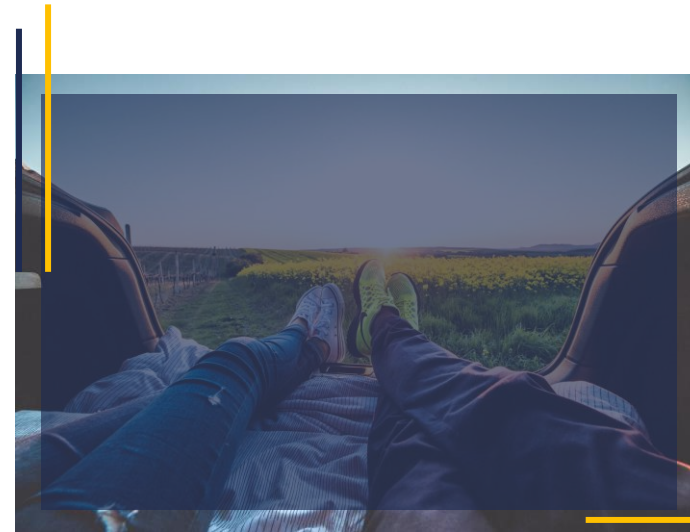
- This market segment will be the first to reactivate, most affluent people will resume travel as far as their destination is safe.

- **Open spaces**

- Mexicans will look for destinations with wide open spaces in many ways, trying to avoid big crowds, opportunity for national parks, open shopping malls and restaurants with open areas. Activities such as hiking, trekking, camping, kayaking and outdoor experiences will be key for the upcoming year.

- **Road trips**

- This concept will resonate for the next 12-18 months more than ever, visiting multiple destinations traveling by car will be one of the top trends not only for Arizona but worldwide.



Mexico Travel Trends

- **Micro vacations**

- This trend will become very important, since traveling long haul is not that popular these days, many traveler will look for shorter and travel times and closer destinations for a 3-4 day vacation trip.

- **Only women trip**

- This will become a very interesting segment to pay attention, women only travel is becoming more and more important due to empowerment and more economic power. Safety and women power supported activities will be a new trend.



- **Wellness trips**

- After this outbreak, many travelers will look for places where they can reconnect with themselves in so many ways, from yoga classes, animal care to give back something to the destination they visit.

- **Multigenerational**

- We have seen this trend becoming more popular over the past couple of years and 2020 is not the exception, having 3 generations traveling together is quite an experience, no matter the destination, this kind of parties will be more popular than ever.

- **Friendmoons**

- This getaways with one ore more couples travelling together are becoming more and more popular, more than a regular honey moon is the continuation of a celebration with no post wedding stress.

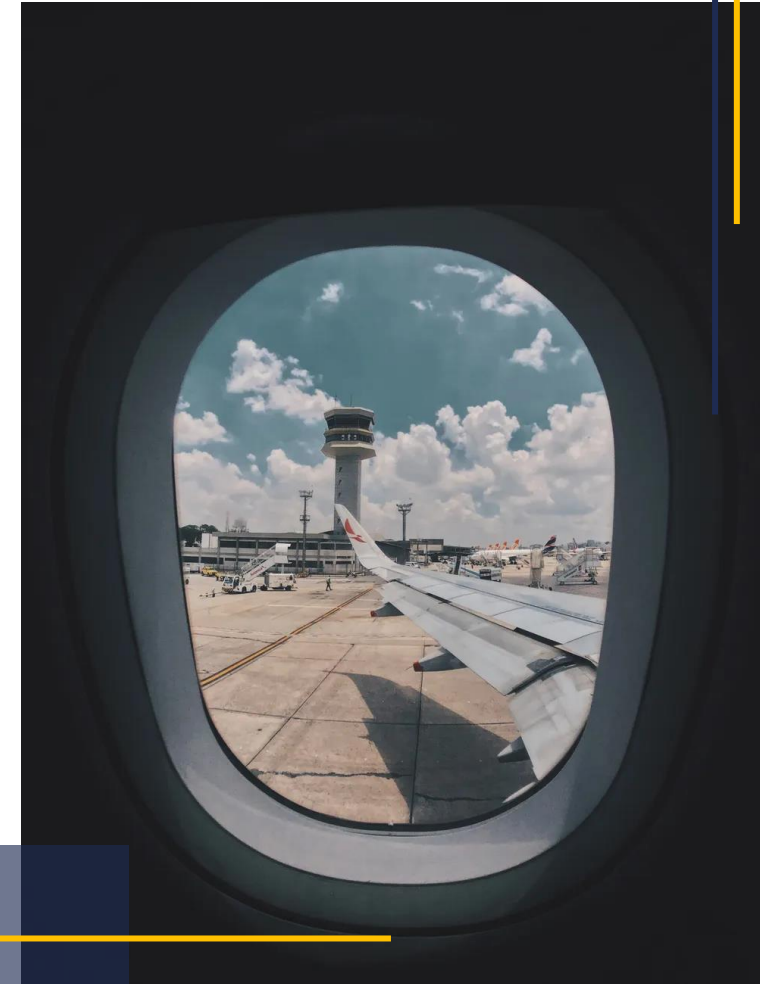
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MARKET IMPORTANCE

Mexico is the 2nd inbound market for U.S.A. with 18,140,000 arrivals on 2019

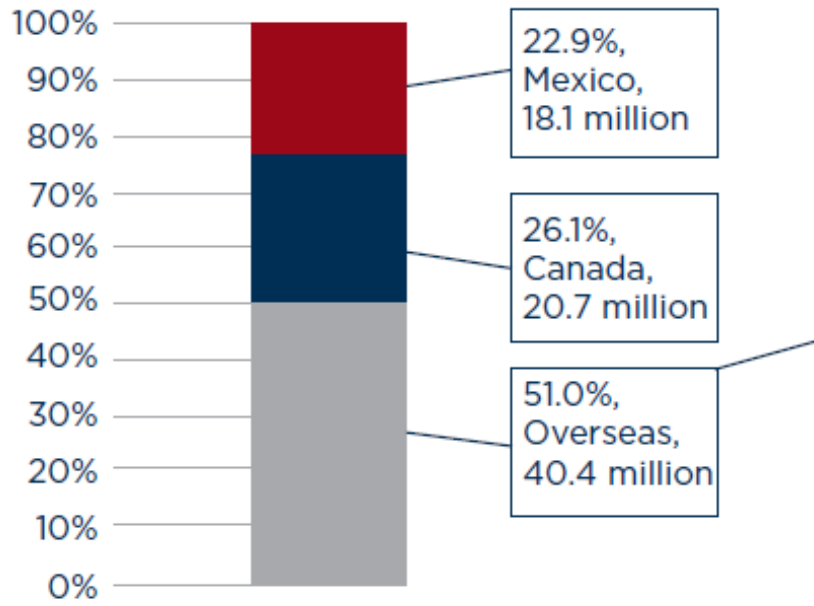
- The U.S. accounted for **83% of all international overnight trips** by Mexicans in 2018.
- Mexico is the **third largest U.S. travel export market**
 - Accounts for 8.2% of total travel exports, behind only China and Canada.
- GDP in Mexico was worth 1258 Trillion US dollars in 2019
- Mexico's GDP **contracted 1.4%** on quarter in the 3months to March 2020. It was the steepest contraction since Q1 2009, amid the coronavirus crisis.
- The squeezed **middle class** is much smaller than the OECD average (45% vs. 61%), however it has remained relatively stable and is increasingly highly skilled and educated.

This young and increasingly skilled and educated population, looking for new options to travel and increase their knowledge and experiences about the world.



- After declining by 6.1% in 2017, visitations from Mexico to the U.S. **grew by 3.9% in 2018** and reached 18.1 million.
- Mexico accounted for **23% of all international visitations** to the U.S. (down from 24% in 2015).

Total U.S. arrivals, 2019
Total = 79.3 million



VISITATIONS TO THE U.S. 2018-2019			
	Visitations		% change
	2018	2019	
Total	79,745,918	79,256,267	-0.6%
Canada	21,475,152	20,723,322	-3.5%
Mexico	18,387,405	18,139,599	-1.3%
Overseas	39,883,361	40,393,346	1.3%

Visitations from Canada (-3.5%), **Mexico (-1.3%)**, China (-5.4%) and Brazil (-4.7%) declined significantly in 2019. As a result, total international visitations to the U.S. declined by 0.6% .

Source: International Inbound Travel, U.S. Travel Association

CHARACTERISTICS AT GLANCE

The U.S. welcomed **18.1 million overnight arrivals** from Mexico in 2018, the vast majority (85%) of which crossed a land border, while a minority (15%) arrived by air (day trips are not included in the count).

Top cities visited included:

1. Los Angeles (13%)
2. New York City (12%)
3. Houston (11%)
4. Las Vegas (10%)

Main purposes of visiting the U.S. are:

1. Vacation (53%)
2. Visiting friends/relatives (21%)
3. Business (17%)
4. Convention/trade show (5%)
5. Education (3%)



6 NIGHTS
Average Visit



53%
on Vacation



18%
Visited California



18%
Visited Florida



12%
First trip to the U.S.



SHOPPING
Is a top activity

Travel Motivation and planning



Top Travel Motivators

- 63%** Cultural/Historical Attractions
- 53%** Dining/Gastronomy
- 52%** Urban Attractions (Nightlife/City Tours)



Source used in Destination selection for last leisure trip

- 68%** Websites via computer or laptop
- 44%** Recommendations from family & friends
- 39%** Websites or applications via mobile phone
- 36%** Websites or applications via tablet



Advance Decision Time

- 14%** Less than a month
- 13%** 1 to 2 months
- 28%** 3 to 5 months
- 31%** 6 to 12 months
- 12%** More than 1 year



Likelihood to Travel to USA

- 8%** In the next six months
- 14%** 6-12 months
- 19%** 1-2 years
- 27%** 2-5 years from now
- 23%** Maybe some time in the distant future
- 8%** Not likely to ever visit



Expected Travel Party Size (next trip)

- 27%** 1 person
- 42%** 2 people
- 14%** 3 people
- 18%** 4+

Arizona Traveler Facts

Arizona Traveler Facts

- Visitation Volume to Arizona grew from **3.8 Million** in 2018 to **4 Million** in 2019.
- Mexicans represent around **60%** of all foreign visitation to Arizona; this is more than all other 9 main markets combined.
- Also Mexicans represent the largest income for Arizona from international visitation, with **1.5 Billion USD**.
- **5.2 million** PERSONS CROSSING AZ BORDER NORTHBOUND in 2020 Q1.
- **2.1 million** VEHICLES CROSSING AZ BORDER NORTHBOUND in 2020 Q1.
- Second to air travelers, Mexican visitor parties arriving by car are the most likely to come for **leisure purposes at 71.8%**.
- Approximately **19%** of visitors who arrive by vehicle stay overnight.
- **11.6 percent of pedestrians** stay overnight and approximately 54.3 percent of those cross for leisure purposes.

Arizona Traveler Facts

MAJOR CONTRIBUTION OF AZ OVERNIGHT MEXICAN VISITORS

- 16% of Mexican Visitors stay overnight
- The average party spending per trip is \$839 USD

REASON FOR TRIP

- 84% Leisure
- 75% Shopping
- 8% Visit Friends/ Relatives
- 1% Other Leisure

% OF VISITORS WHO STAYED OVERNIGHT BY AZ DESTINATION

- 99% METRO PHOENIX
- 88% METRO TUCSON
- 13% YUMA
- 5% SAN LUIS
- 4% DOUGLAS
- 4% NOGALES

ACCOMODATIONS

- HOTEL: 61%
- PRIVATE HOME: 39%

MODE OF TRANSPORTATION FOR VISITORS WHO STAYED OVERNIGHT

- AIR: 99%
- MOTOR VEHICLE: 19%
- PEDESTRIAN: 12%

Arizona Traveler Facts

NIGHTS IN ARIZONA

- 1 Night: 14%
- 2 Nights: 26%
- 3 Nights: 35%
- 4 Nights: 17%
- 5+ nights: 8%

REASON FOR TRIP

- 84% Leisure
- 75% Shopping
- 8% Visit Friends/ Relatives
- 1% Other Leisure

VISA CREDIT CARDS TRAVEL SPENDING

Mexican Visa Card Spending ranked #2 in 2019 with 17% of total international Travel Spending in Arizona

BY QUARTER

- 19% Q1
- 22% Q2
- 25% Q3
- 34% Q4

BY ARIZONA REGION

- Northern: 1%
- Phoenix & Central: 32%
- West Coast: 6%
- Tucson & Southern: 60%
- North Central: 1%

Fly Market

- Airlines with **non-stop service** to PHX: American Airlines and Volaris.
- Airlines flying **with connections** to PHX: United and Delta Airlines.
- Flights **from:** Mexico City, Guadalajara, Culiacán, Hermosillo, Chihuahua, Cancún.
- High-season **additional flights** (inbound): Puerto Vallarta, Los Cabos, Mazatlán.
- In 2018 air visitations **grew by 9.6%**. This is significant because air travelers generally come from **wealthier areas** and are able to spend more than travelers who come by land.



Drive Market



- Main drive market **cities**: Sonora, Sinaloa, Chihuahua & Baja California.
- Border **ports of entry**: Douglas, Lukeville, Naco, Nogales, San Luis & Sasabe.
- In 2018 Arizona saw crossing volumes of: **25,118,397 people**.
- In 2018, land crossings by Mexican **overnight visitors grew by 3.0%**.

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MARKET PERCEPTION

What Mexicans think of the USA

P O S I T I V E

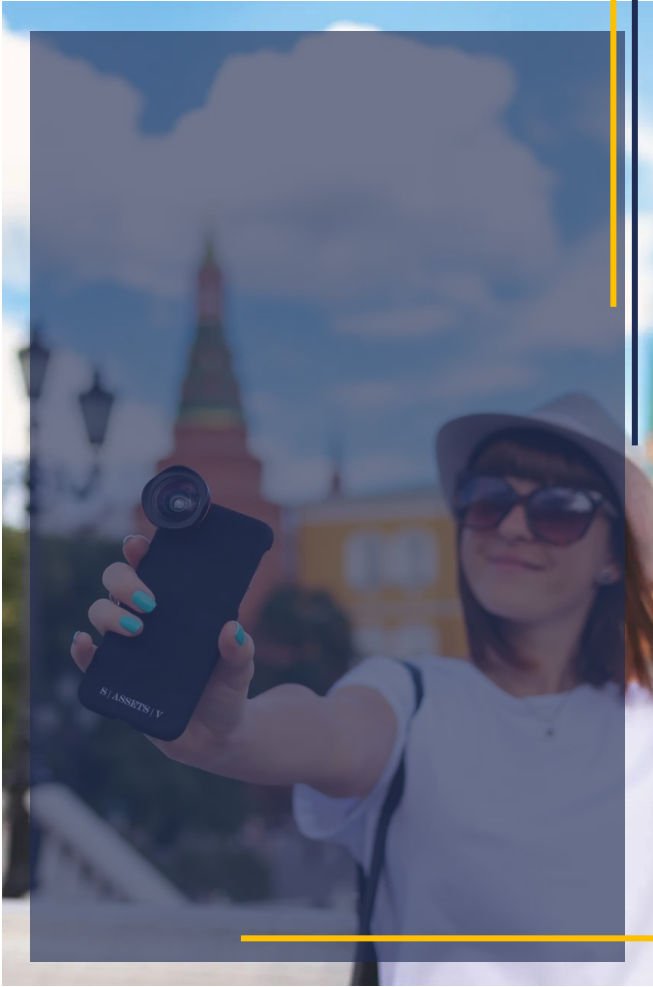
- **54%** say the U.S. is a **top desired destination**.
- Mexicans describe the U.S. as:
 - Diverse
 - Down-to-earth
 - Adventurous
 - Open-minded
 - Trendy
- The place where they can combine shopping, theme parks, outdoors, museums and fine dining.

N E G A T I V E

Even when these perceptions has been diminished, we still find the next deterrents:

- Unfavorable currency exchange rate.
- Uncomfortable with national politics.
- There is a widespread sensation of disrespect from President Trump towards Mexicans, causing them to prefer travelling locally, to Canada or Latin America.
- Security policies are too difficult.
- I don't feel welcome in the USA.
- Concerns about my personal safety.
- USA is too expensive.

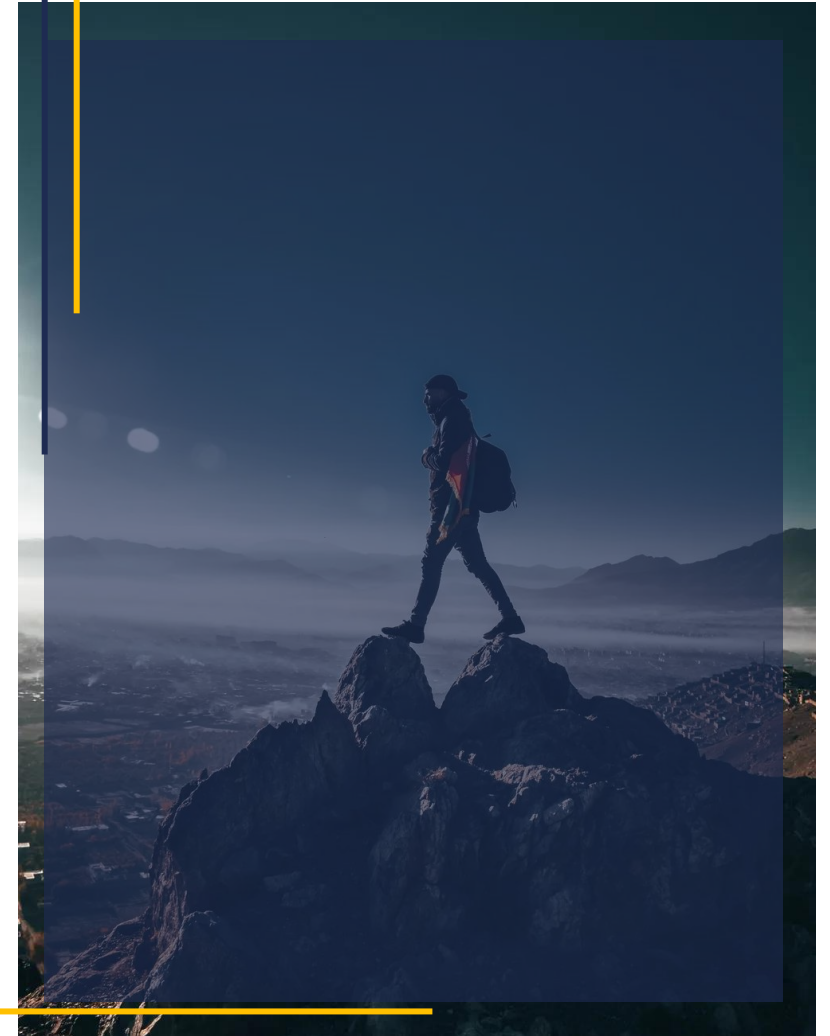
What to do?



- Organize more **FAM trip experiences**. (trade and media).
- Create new and engaging **audiovisual material**.
- Use **social media** channels to make this new material viral.
- Use **influencers and key opinion leaders** as part of this strategy.
- Communicate **how welcoming Arizona really is** with Mexicans.
- Organize **special events** for the market, collaborate with Mexican influencers and brands.
- Promote & pitch **“custom made” unique fam trips** with “hard to get” activities, such as Havasupai Falls, Antelope Canyon at night for Dark Sky and/or even The Wave. Reinforce the Culinary/winery component with trips to harvest experiences.

What to do?

- Reinforce promotion of sites and activities unlikely to happen in Mexico, to address the **FOMO** (Outdoors, roadtrips, dark skies, glamping).
- Also, as a complement, consider the possibility of promoting the new **JOMO Trend** (Joy of Missing Out), which refer to “Tech Detox” after quarantine, and a closer contact with nature.
- Consider the possibility of **working together** with neighboring Mexican States, on projects as “The Sonora-Arizona Desert” or “The 2 Canyons Roadtrip”.



A desert landscape featuring several saguaro cacti in the foreground and middle ground. The sky is a vibrant mix of orange, yellow, and blue, suggesting a sunset or sunrise. The overall scene is a classic Arizona desert vista.

THANK YOU

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ARIZONA
OFFICE OF TOURISM